



Virginia Healthcare Workforce Briefs

Indicators from the Bureau of Economic Analysis

Regional Economic Accounts

Series 3: Income & Compensation

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Highlights

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- ◆ In addition to the new income and compensation estimates for Quarter 4 (Q4) 2021 from the Bureau of Economic Analysis (BEA), this report also includes revised estimates from Q2 2020 to Q3 2021.
- ◆ For the second consecutive quarter, total earnings in Virginia's Health Care & Social Assistance (HC&SA) sector increased by more than \$1 billion. After increasing by \$1.2 billion in Q3 2021, total HC&SA earnings in Virginia increased by another \$1.1 billion to \$37.0 billion in Q4 2021.
- ◆ Virginia's HC&SA sector saw total employee compensation increase by \$1.0 billion to \$34.0 billion in Q4 2021. This gain represents a three-month annualized earnings growth rate of 13.2%.
- ◆ Total HC&SA compensation per employee in Virginia grew by \$2,305 in Q4 2021. With this increase, the HWDC estimates that employees in Virginia's HC&SA sector earn an average of \$76,122 per year.

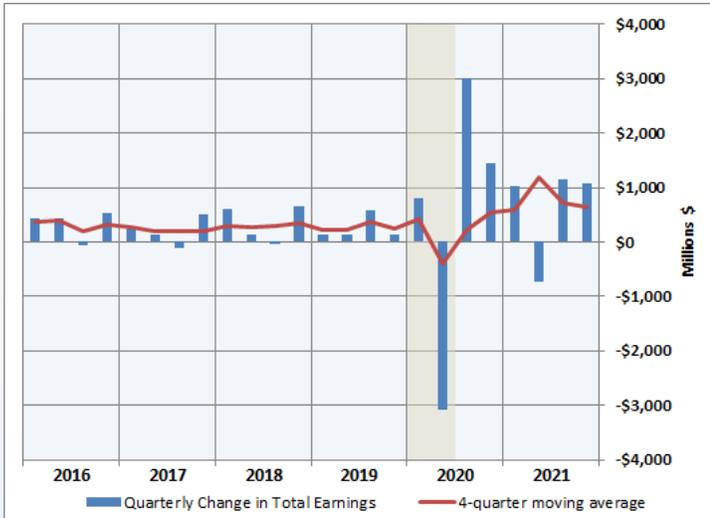
The calendar year is the basis for data in this series. See Page 5 for additional information on this series.

Data in Brief

	Income (Millions of Dollars)				Growth Rate, Annualized		
	Q4 2020	Q2 2021	Q3 2021	Q4 2021	Annual	6-Month	Quarterly
Earnings (Personal income less rents, interest, dividends and government payments)							
Virginia	\$370,878	\$377,909	\$386,137	\$394,621	6.4%	9.0%	9.1%
National	\$13,675,464	\$14,242,985	\$14,603,314	\$14,895,865	8.9%	9.4%	8.3%
Health Care & Social Assistance Earnings							
Virginia	\$34,514	\$34,808	\$35,968	\$37,033	7.3%	13.2%	12.4%
National	\$1,550,964	\$1,590,375	\$1,644,633	\$1,688,785	8.9%	12.8%	11.2%
Health Care & Social Assistance Employee Compensation (Earnings less proprietor's income, includes salaries, wages & benefits)							
Virginia	\$31,672	\$31,755	\$32,920	\$33,958	7.2%	14.4%	13.2%
National	\$1,411,824	\$1,440,652	\$1,495,010	\$1,538,063	8.9%	14.0%	12.0%
Health Care & Social Assistance Compensation per Employee (HWDC Estimate)							
Virginia	\$71,157	\$71,402	\$73,817	\$76,122	7.0%	13.7%	13.1%
National	\$70,630	\$71,802	\$74,409	\$75,879	7.4%	11.7%	8.1%

Health Care & Social Assistance Earnings

Figure 1: Quarterly Change in Total Earnings from Virginia’s Health Care & Social Assistance Sector. Includes Proprietor’s Income, Salaries and Wages, and Benefits.



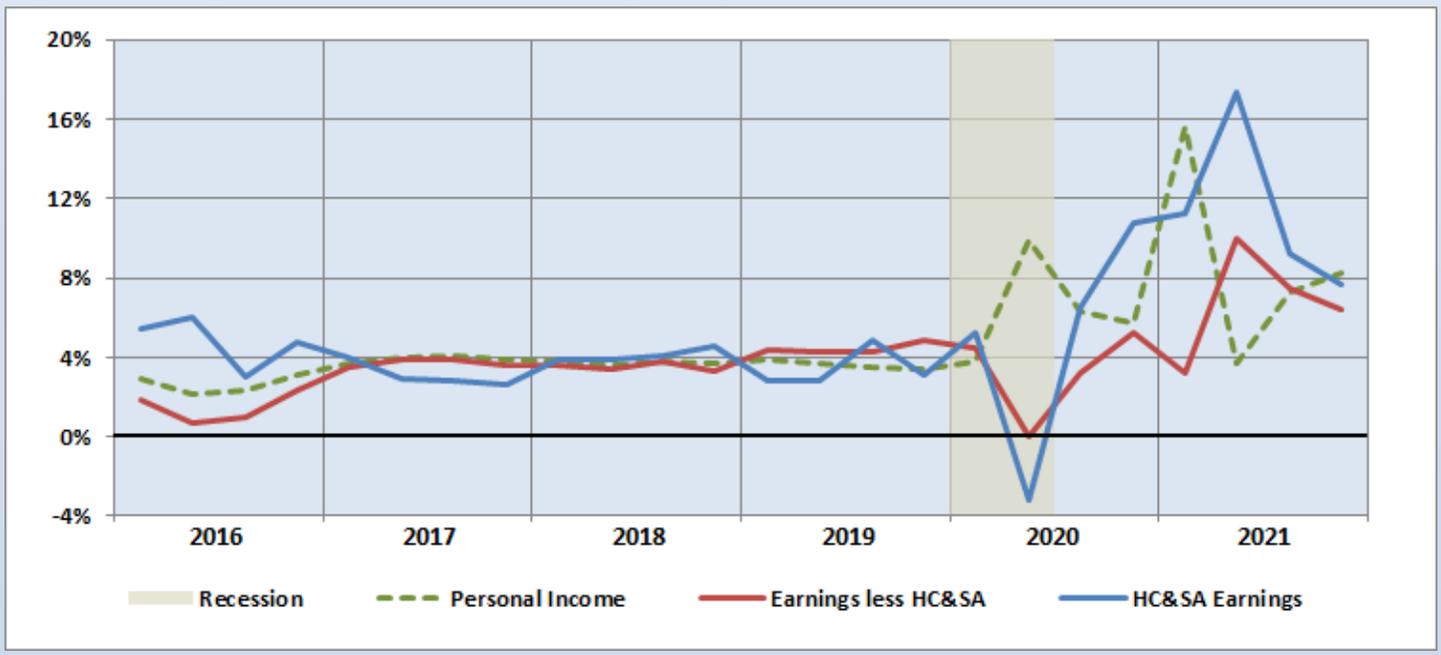
According to the preliminary data released on Wednesday, March 23, 2022 by the U.S. Bureau of Economic Analysis, Virginia’s Health Care & Social Assistance (HC&SA) sector finished 2021 on a strong note as total HC&SA earnings in the state increased by \$1.1 billion to \$37.0 billion in Q4 2021. This gain represents a three-month annualized earnings growth rate of 12.4%. In addition, this result also represents the fifth time in the past six quarters in which Virginia’s total HC&SA earnings have increased by at least \$1 billion.

Virginia’s HC&SA sector enjoyed particularly strong growth in total earnings over the past year. In fact, this year’s growth even exceeded the impressive gains from 2020 during which total HC&SA earnings grew by \$2.2 billion. Even with a loss of \$724 million in Q2 2021, total earnings in Virginia’s HC&SA sector still increased by \$2.5 billion in 2021, which translates into a 12-month growth rate of 7.2%.

Virginia HC&SA Earnings Growth Rate

Even since reaching a decades-long high of 17.38% in Q2 2021, the four-quarter growth rate moving average of Virginia’s total HC&SA earnings has fallen by more than half. In Q3 2021, this moving average fell to 9.26%, and this was followed by an additional decline to 7.70% in Q4 2021. With this decline, the four-quarter growth rate moving average of Virginia’s total HC&SA earnings has fallen to its lowest level since Q3 2020. Likewise, the four-quarter growth rate moving average of Virginia’s total non-HC&SA earnings has also retreated considerably over the past two quarters. In Q4 2021, this moving average fell from 7.47% to 6.43%. On the other hand, Virginia’s personal income saw its four-quarter growth rate moving average increase from 7.31% to 8.27% in Q4 2021. For the first time since Q1 2021, the four-quarter growth rate moving average of Virginia’s personal income exceeds the comparable moving averages for both HC&SA and non-HC&SA earnings.

Figure 2: Earnings Growth Rate, 4-Quarter Moving Average (Annualized)



Virginia HC&SA Earnings Growth Rate by Earnings Type

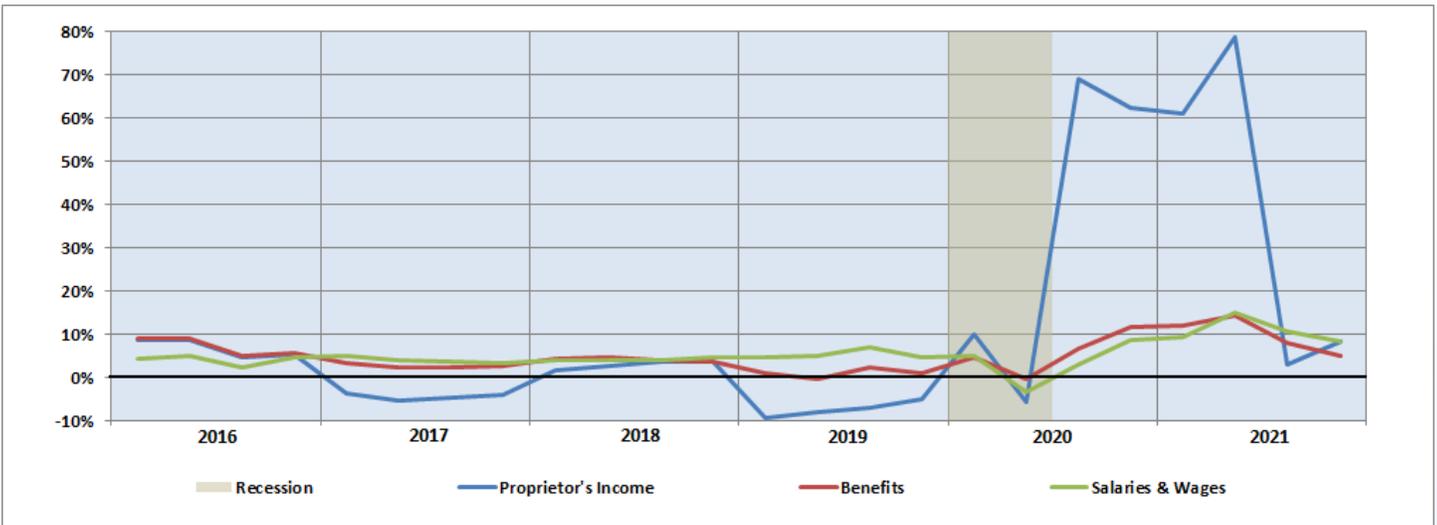


Figure 3: Earnings Growth Rate by Type of Earnings, 4-Quarter Moving Average (Annualized)

The four-quarter growth moving average of Virginia’s HC&SA proprietor’s income more than doubled from 3.06% to 8.49% in Q4 2021. Thanks to this increase, the four-quarter growth rate moving average of Virginia’s HC&SA proprietor’s income once again exceeds the comparable moving averages for both forms of HC&SA employee compensation, a position it previously held during the entire first year of the post-recession period. On the other hand, both forms of Virginia’s HC&SA employee compensation saw their respective moving averages fall in Q4 2021. Virginia’s HC&SA employee salaries & wages experienced a decline to its four-quarter growth rate moving average from 10.55% to 8.27% in Q4 2021, while the comparable moving average for the state’s HC&SA employee benefits fell from 8.01% to 5.04% during the quarter.

Annual Growth by Earnings Type

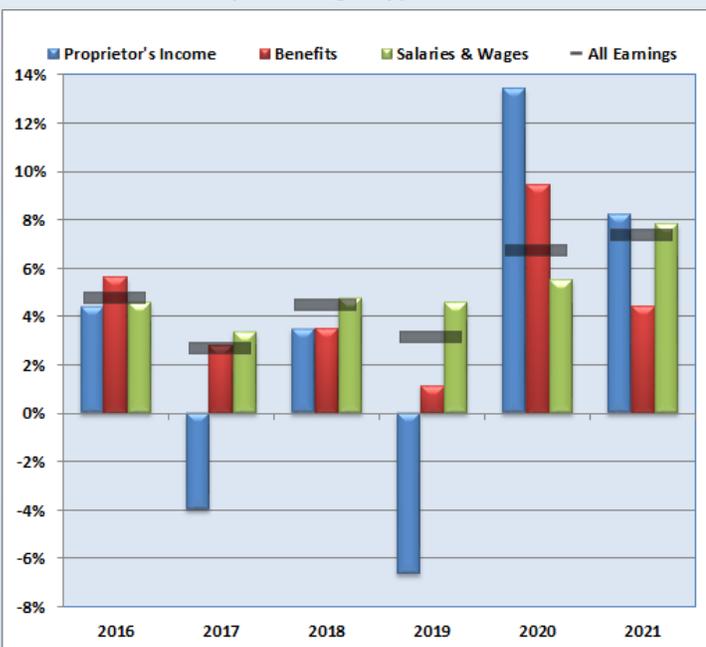


Figure 4: Virginia HC&SA Earnings Growth Rate by Type of Earnings (Annualized)

In 2021, Virginia’s HC&SA sector saw total earnings grow by 7.3%. This represents the highest annual growth rate for Virginia’s total HC&SA earnings in more than one decade. In fact, the last time in which Virginia’s total HC&SA earnings grew at a faster rate was in 2007. In that year, total earnings in Virginia’s HC&SA sector grew by 8.4%.

As in the previous year, HC&SA proprietor’s income grew at a faster annual rate than either form of HC&SA employee compensation. In particular, HC&SA proprietor’s income grew by 8.2% in 2021. At the same time, HC&SA employee benefits grew by 4.4% in 2021. Both HC&SA proprietor’s income and HC&SA employee benefits grew at a slower rate than in 2020. However, HC&SA employee salaries & wages enjoyed faster growth in 2021. After growing by 5.5% in 2020, HC&SA employee salaries & wages grew by 7.8% in 2021.

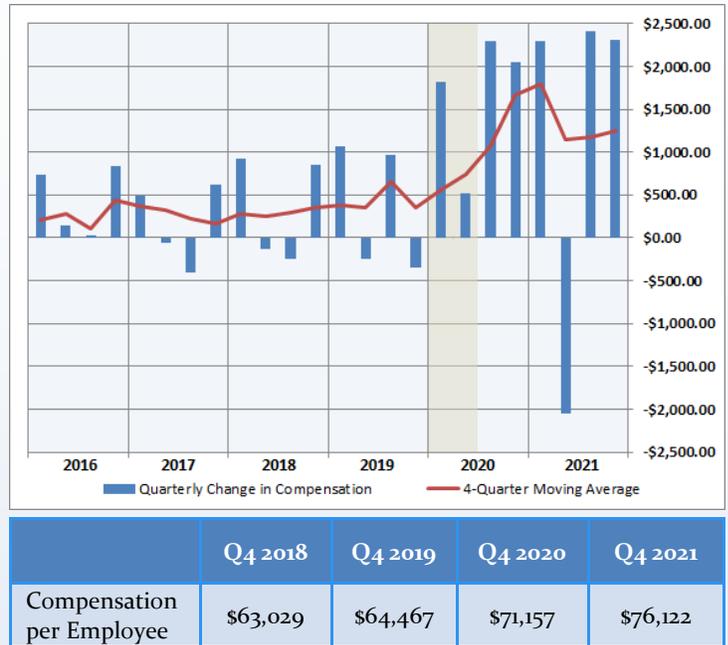
Earnings Type	Level (Millions)	Share
Proprietor's Income	\$3,075	8.3%
Benefits	\$5,588	15.1%
Salaries & Wages	\$28,370	76.6%
Total	\$37,033	100%

HC&SA Compensation per Employee

According to the Healthcare Workforce Data Center’s estimates (see methodology, next page), employees in Virginia’s HC&SA sector earned an average of \$76,122 (annualized) in Q4 2021. Note that this figure includes salaries & wages plus the cost of benefits for employed persons only. Practitioners in private practice, which includes a large number of the sector’s highly paid professionals, are not included in this figure.

Total compensation per employee in Virginia’s HC&SA sector increased by \$2,305 in Q4 2021. This increase translates into a three-month annualized earnings growth rate of 13.1%. This growth rate is well above the overall national HC&SA average. In Q4 2021, national HC&SA compensation per employee increased by \$1,470 to \$75,879. This gain represents a three-month annualized earnings growth rate of 8.1%. In 2021, total compensation per employee in Virginia’s HC&SA sector increased by an average of \$1,241 per quarter. This average quarterly gain translates into a 7.0% growth rate.

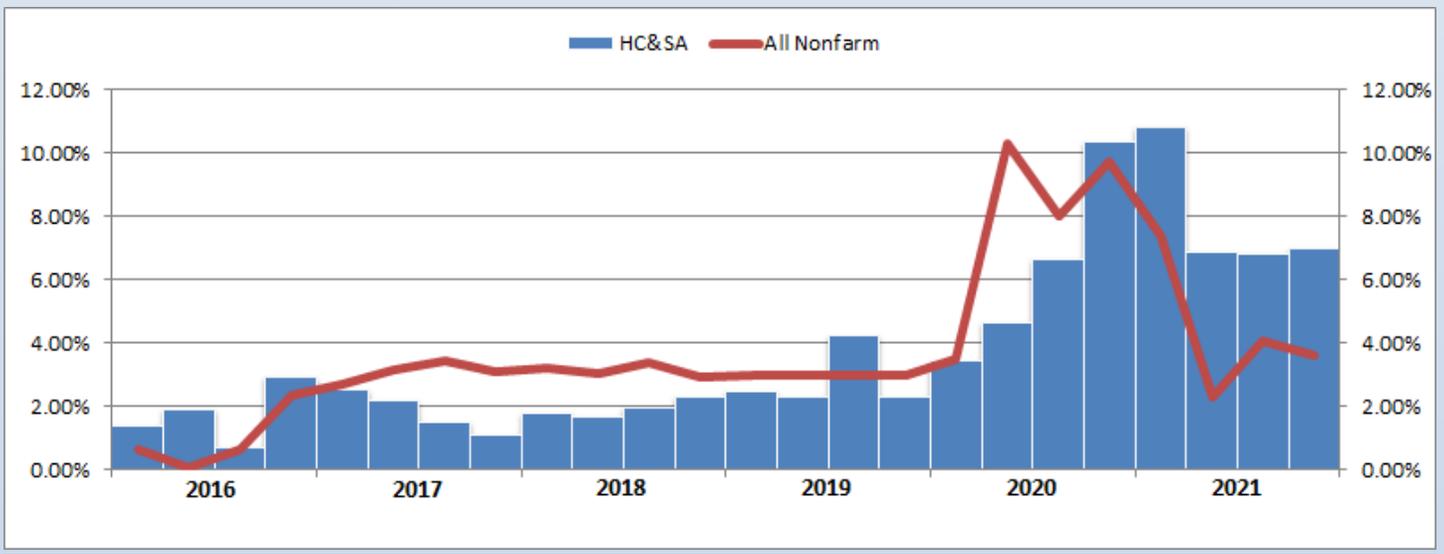
Figure 5: Quarterly Change in Employee Compensation from Virginia’s Health Care & Social Assistance Sector.



Compensation per Employee Growth Rate

Total compensation per employee in Virginia’s HC&SA sector has experienced little change in its year-over-year growth rate over the past three quarters. Instead, this growth rate has fluctuated within a very narrow range from 6.8% to 7.0%. In Q4 2021, the year-over-year growth rate of Virginia’s total HC&SA compensation per employee increased slightly from 6.81% to 6.98%. Although this is below the 10.38% growth rate from one year ago, it is still well above the growth rates observed prior to 2020. Meanwhile, Virginia’s total nonfarm payroll compensation per employee saw its year-over-year growth rate fall from 4.09% to 3.58% in Q4 2021. As with total HC&SA compensation per employee, this year-over-year growth rate of total nonfarm payroll compensation per employee is well below the 9.74% growth rate from Q4 2020.

Figure 6: Year-Over-Year Change in Compensation Per Employee.



Definitions

Economic data in this briefing is from the U.S. Bureau of Economic Analysis' Regional Economic Accounts. In particular, we use the Quarterly State Personal Income Accounts. The definitions provided here are written for a lay audience. More technical definitions and in-depth information on the Regional Economic Accounts are available on the BEA's website: <http://www.bea.gov/regional/about.cfm>.

Personal Income: Income received from all sources, including salaries & wages, benefits, business profits, rents, government payments or retirement and investment funds. Personal income is based on where recipients live.

Earnings: Earned income includes salaries & wages, benefits (aka supplements to wages and salaries) and proprietor's income. Earnings and its components are based on where recipients work.

Proprietor's Income: Income from small businesses (sole proprietorships & partnerships), corporate director's fees and tax-exempt cooperatives. It does NOT include dividends or interest received by non-financial businesses or rental income received by non-real estate businesses.

Compensation: Salaries & wages and benefits.

Benefits: Referred to as "supplements to wages and salaries by the BEA, benefits includes employer contributions to retirement funds, insurance (including health and life) and to government social insurance programs (e.g., unemployment insurance, Social Security, worker's compensation insurance, etc.).

Salaries & Wages: Salaries, wages, commissions, bonuses and tips, before deductions, based on when payments are disbursed. The value of stock options are also included at the time the options are exercised.

Method of Estimating Compensation per Employee

The HWDC derives estimates of compensation per employee from two sources: 1) U.S. Bureau of Economic Analysis' Regional Economic Accounts (REA), and, 2) the Current Establishment Survey (CES) administered jointly by the U.S. Bureau of Labor Statistics and the U.S. Census Bureau. These sources use different methodologies and different definitions. Although more vigorous estimates of employment are available, the HWDC uses these sources to provide the most timely indication of current trends possible at the state-industry level. The HWDC estimates are early indicators only.

To make the two data sources more comparable, the HWDC makes the following transformations:

CES: To obtain quarterly estimates of employment, monthly figures are averaged for the quarter. For nonfarm employment, we remove the latest available estimate of logging employment from the Quarterly Census of Employment and Wages, rounded to the nearest hundred, from nonfarm totals in the CES prior to averaging.

REA: From nonfarm compensation (or its components), we remove military earnings, agriculture, fishing and forestry earnings and an estimate of earnings from households. For household earnings estimates, we use the REA's Annual State Personal Income and Employment tables to develop current estimates of the proportion of "Other services, except public administration" compensation from employment in private households. We use the most recent data available for the current quarter. We apply this proportion to the current quarterly estimate of "Other services, except public administration".

Despite these transformations, the figures are not wholly comparable. The BEA makes additional adjustments to BLS data when creating its own, annual estimates of employment. Historical indicators are not adjusted by the HWDC, however adjustments made to REA or CES series are incorporated into historical data. For more information on employment data and the REA, see the BEA's *State Personal Income and Employment Methodology*, pages XI-1 to XI-11 & Table K.



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The Department of Health Professions Healthcare Workforce Data Center works to improve the data collection and measurement of Virginia’s healthcare workforce through regular assessment of workforce supply and demand issues among the 80 professions and 350,000 practitioners licensed in Virginia by DHP.

The HWDC collects data on Virginia’s licensed health professionals through surveys completed during the online license renewal and application process. Survey results and data may be accessed on our website: www.dhp.virginia.gov/PublicResources/HealthcareWorkforceDataCenter/.

The HWDC also provides a series of Virginia Healthcare Workforce Briefs based on data collected by the U.S. Department of Labor’s Bureau of Labor Statistics and the U.S. Department of Commerce’ Bureau of Economic Analysis.

Virginia Healthcare Workforce Briefs:

Series 1: State & National Employment (Monthly)

Series 2: Virginia Regional Employment (Monthly)

Series 3: Income & Compensation (Quarterly)

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About the Data

Data used in creating this report is from the U.S. Department of Commerce’ Bureau of Economic Analysis’ Regional Economic Accounts. Unless otherwise noted, data is seasonally adjusted and annualized, and quarterly presentations are based on the calendar year. Data from recent quarters is preliminary and subject to revision in future releases from the BEA. Revisions will be reported in future editions of this series.
